

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2000-492-C - ORDER NO. 2001-264

MARCH 22, 2001

IN RE: Application of Call Processing, Inc. for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Operate as a Reseller of)	CERTIFICATE FOR
Interexchange Telecommunications Services)	LONG DISTANCE
within the State of South Carolina.)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Call Processing, Inc. ("Call Processing" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Call Processing to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Call Processing's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on March 9, 2001, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. Call Processing was represented by Scott A. Elliott, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff. Barbara J. Crawford, Auditor, and David S. Lacoste, Engineer, Telecommunications area, testified on behalf of the Commission Staff.

Mr. Charles J. Stimson, President and sole shareholder of Call Processing, Inc., appeared and testified in support of the Application. Mr. Stimson testified that he has over fifteen years experience in the telecommunications industry. He said he founded a pay phone company in Texas in 1987 that operated in six states. He said in 1992 he founded Call Processing to offer prepaid calling card services. Upon receiving certification from the Commission, Call Processing plans to operate as a switchless reseller of intraLATA and interLATA intrastate telecommunications services on a statewide basis. Call Processing seeks authority to provide direct-dialed services including (1+) service, flat rate service, 800 inbound service, and travel cards and prepaid calling cards. The Company's current plans include only prepaid calling card service. The record reveals that Call Processing is a Texas corporation that has received authorization to transact business within the State of South Carolina. CPI is currently authorized to provide intrastate telecommunications services in thirteen states and at the time of the hearing had applications pending in three states.

Regarding the Company's technical ability to offer telecommunications services in South Carolina, Mr. Stimson testified that the Company has had three patents issued

for its point of sale activation technology. Mr. Stimson said his Company sells its prepaid calling cards at convenience stores and other retail outlets throughout the United States. He said the name of the Company, the customer service number and the activation number are prominently displayed on the cards. The Spanish language is made available to customers who use the prepaid calling cards.

Customers may reach the Company's toll-free telephone number by dialing 1-800-987-9274. The record reveals that Call Processing will maintain customer service from 8:30 a.m. until 5:30 p.m. Monday through Friday with a recording device and pager system available at all other hours. Mr. Stimson said the Company's prepaid calling cards are sold as TeleBuck\$ cards and are rechargeable. The rate is 2.9 cents per minute with a 69.9 cent connect fee available twenty hours a day, seven days a week. Additionally, customers can choose a rate of 8.9 cents per minute with no connect fee (flat rate). This rate information is printed on the back of the TeleBuck\$ card. Posters and door stickers at convenience stores and retail outlets advertise the prepaid calling card. Gary Squyres and Mary Johnson will be the customer service contact persons for Call Processing. Mr. Stimson or Gary Squyres are the regulatory contact persons.

Mr. Stimson said Call Processing intends to market its services via direct sales by the Company's employees and independent sales agents. As primarily a provider of prepaid calling cards, most cards will be sold through distributors of such cards. The Company will not engage in telemarketing. Further, Mr. Stimson testified that Call Processing intends to utilize Global Crossing as its underlying carrier. He confirmed that

Call Processing will choose its underlying carriers based upon the quality of service of the carrier properly certified by the Commission to provide such service.

As to Call Processing's managerial abilities to offer the services it proposes to offer in South Carolina, Mr. Stimson testified that the Company's key management team includes Brady Beshear, Technical Vice President, and Luke Leissner, Director of Sales. Mr. Stimson stated his background included experience as an assistant auditor at Texas A & M University.

In support of Call Processing's financial ability to provide the services it seeks to provide in South Carolina, Mr. Stimson testified that Call Processing continues to be a profitable company and has sufficient financial capability to maintain the services to be offered. He said he or Gary Squyres would be the financial contact person for Call Processing.

Ms. Crawford testified as to her findings of the Audit Department's review of Call Processing Network Inc.'s unaudited financial statements that were submitted as part of the Company's Application. She stated she reviewed financial statements included in the Application that were dated as of December 31, 1999, and June 30, 2000. According to Ms. Crawford, the Company's June 30, 2000, financial statements indicated a financially strong company that is liquid. She testified that Call Processing is in a good position to begin operations in South Carolina.

The purpose of Lacoste's testimony was to present to the Commission the findings of the Utilities Department regarding the Application of Call Processing for a Certificate of Public Convenience and Necessity. Additionally, the purpose of Lacoste's review was

to ensure that the Company's tariff complied with the Commission's regulations, policies and orders. Lacoste's testimony and exhibit consist of comments and suggested modifications to the Company's tariff. Mr. Stimson agreed the Company would make all the changes to Call Processing's tariff as recommended by Commission Staff witness David S. Lacoste. The Company also agreed to add its email address and telephone number to each tariff page.

According to Mr. Stimson, Call Processing has never had authority denied in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority. Additionally, he said that Call Processing has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body.

According to the Application and Mr. Stimson's testimony, Call Processing requests a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that Call Processing can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Plano, Texas; it will keep South Carolina specific records. Mr. Stimson stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. Call Processing also requested that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA). According to Stimson, his Company is aware of the Commission's bond

requirement regarding the sale of prepaid calling cards and Call Processing is willing to post the required bond.

According to the testimony, Call Processing has not marketed its services in South Carolina prior to receiving certification. Mr. Stimson testified that the Company has, however, received revenues from the completion of intrastate calls in South Carolina prior to receiving certification. He explained that the Company's prepaid calling cards had been sold through a third party who had a relationship with convenience stores in South Carolina. He said to his knowledge, the prepaid calling cards were sold at approximately fifteen Spinx Oil Company convenience stores during a fourteen month period. Mr. Stimson apologized to the Commission for his Company's inadvertent sale of prepaid calling cards prior to receiving certification. He said he immediately filed an Application for authority in South Carolina and several other states when he was informed of the states' requirement to be certified. Mr. Stimson stated there would be no way to quantify the amount of revenues his Company had received from the sale of prepaid calling cards in South Carolina prior to certification. Finally, Mr. Stimson testified Call Processing will abide by all the Commission's rules, regulations and Orders upon the Company receiving certification to operate as a reseller of intrastate interexchange telecommunications services in South Carolina.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Call Processing is organized as a corporation under the laws of the State of Texas and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Call Processing operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Call Processing has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Call Processing to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Call Processing for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Call Processing shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Call Processing shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, Call Processing shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Call Processing is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Call Processing shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Call Processing changes underlying carriers, it shall notify the Commission in writing.

8. Call Processing shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations For Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Call Processing shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at

www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, Call Processing shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application and testimony at the hearing, Call Processing requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters in Georgia. The Commission also grants Call Processing the opportunity to keep its books and records in accordance with GAAP rather than the USOA.

12. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and

loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed annually.

If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

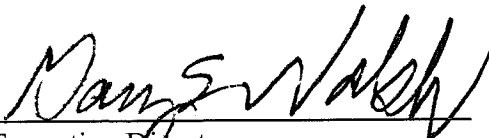
13. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)